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Subject: Morning Energy, powered by America's Natural Gas Alliance: Anti-Keystone group weary over State Dept. report - Exxon PAC spends big before election - Wind workers lobbying on Hill - A123 auction today - Climate scientists Hansen hits California cap and trade
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By Alex Guillén | 12/6/12 5:29 AM EST

With help from Talia Buford

ANTI-KEystone GROUP WEARY OVER STATE DEPARTMENT REPORT: New rumors that a State Department report on TransCanada's Keystone XL pipeline was set to be released next week set off a wave of criticism from anti-pipeline activists in Nebraska that their fears about the project were being overlooked. Talia Buford has more for Pros: <http://politico.pro/UorlSF>

HAPPY THURSDAY and welcome to Morning Energy, where we're taking five for Dave Brubeck (<http://n.pr/SxWMQi>). Send your energy news to aguillen@politico.com, and follow on Twitter [@alexsguillen](#), [@POLITICOPro](#) and [@Morning_Energy](#).

FEC FILINGS ARE BACK! Today is the deadline for candidates and committees to file post-general finance reports covering mid-October through Nov. 26 with the Federal Election Commission — also known as Christmas come early here at ME. We'll have a lot more in tomorrow's edition. For now, here are a few takeaways from reports filed early.

— ExxonMobil PAC far and away led the Big Five oil company PACs in the period, shipping out \$188,500 to federal candidates. Most of that was in \$5,000 chunks to candidates including Sens.-elect Heidi Heitkamp and Ted Cruz, House Energy and Commerce Chairman Fred Upton and Reps. Lynn Jenkins, Andy Harris, Cory Gardner, Scott Tipton, Michael Burgess and Greg Walden. The PAC also gave \$5,000 to Mary Bono Mack, who lost her reelection bid.

— The rest of the Big Five were much quieter in the days before the election. BP PAC sent out more than \$55,000, mostly to state legislature candidates. ConocoPhillips PAC sent out \$18,500, while Chevron PAC and Shell PAC didn't make any contributions.

— It's never too early for 2014: Exxon PAC gave Sen. Mary Landrieu (D-La.) \$3,000 in mid-November.

— TransCanada — or technically its subsidiary TransCanada USA Services, Inc. — has quietly begun its own PAC. The PAC hasn't disbursed any money since being created in July and has so far picked up \$5,446 from a handful of employee contributions.

SPOTTED: Dining at Bistro Cacao last night, Sens. Ron Wyden and Debbie Stabenow and Dow Chemical CEO Andrew Liveris. ME's tipster noted they broke bread the same day DOE's big liquefied natural gas export report came out. Wyden expressed caution about letting LNG exports hurt consumers — and Dow, one of the biggest natural gas consumers, favors limiting exports to ensure prices stay low.

ICYMI: Matt Daily and Talia Buford had a rundown of the report yesterday (<http://politico.pro/TR6ZG0>) and Talia rounded up reactions: <http://politico.pro/YCfts0>

WITH THE WIND AT THEIR BACKS: Wind workers are flying in to D.C. today and tomorrow for some production tax credit lobbying on the Hill, sponsored by United Steelworkers, Sierra Club and the BlueGreen Alliance. The workers have meetings scheduled with House Majority Leader Eric Cantor, Ways and Means Chairman Dave Camp and Republican Sen. Kelly Ayotte of New Hampshire, potentially critical lawmakers to getting a PTC extension. There's also a Hill briefing Friday morning.

A123 AUCTION TODAY: An auction for lithium-ion battery maker A123's assets will take place today at a Chicago law firm — and the figurative paddles in the air may get competitive. Wisconsin-based auto parts manufacturer Johnson Controls plans to go after the company, which landed a \$249 million stimulus grant and filed for bankruptcy protection earlier this year. But strong competition from the Chinese-owned Wanxiang, plus interest from a few other overseas firms, has had some on the Hill worried about taxpayer-funded property could end up in foreign hands. The bankruptcy court overseeing A123's proceedings will hold a hearing next week on the sale.

GUESS HE CHANGED HIS MIND: Sen. Jim Inhofe (R-Okla.) today will unveil a video to for the international climate talks in Doha — something he did last year but told reporters last week he wouldn't be doing again this year. From the transcript: "Three years ago, President Obama helped create a United Nations Green Slush Fund that would redistribute over \$100 billion from developed countries to developing countries. While he has been racking up huge deficits and talking up tax increases, the President has already sent billions of American taxpayer dollars to the United Nations — and he's managed to do it quietly so that no one will notice."

**** A message from America's Natural Gas Alliance:** The safe and responsible development of natural gas supports more than 2.8 million jobs across the country. Curious what the economic benefit is for your state? Find out by using our interactive U.S. map at www.anga.us/jobs. ******

ENCANA TO TALK PAVILLION REPORT: David Stewart, Encana's environment, health and safety lead for Wyoming, will host a teleconference at 11 a.m. MST to mark almost one year since EPA released its controversial and much examined draft report on groundwater contamination in Pavillion, Wyo. Stewart will argue that nothing found by EPA came from oil and gas operations and will call for EPA to withdraw the report and shift focus to the shallow wells owners have complained about and away from deeper groundwater.

HANSEN HITS CALIFORNIA CAP AND TRADE: Climate scientist James Hansen doesn't really care for California's new cap and

trade system. The San Francisco Chronicle: "Hansen trashed cap and trade during a talk Tuesday night at the Commonwealth Club in San Francisco. The system, in which companies buy and sell permits to produce greenhouse gases, is a 'half-baked' and 'half-assed' way to deal with global warming, Hansen said." SF Chron: <http://bit.ly/TIyAMf>

TODAY IN 'PROMISED LAND' NEWS

— The Hollywood Reporter talks to Matt Damon about fracking and his movie "Promised Land." "One thing [natural gas companies] are very worried about is decisions being made at the local level," Damon said. "They really would rather have decisions being made at the state level. ... OK, that's an understandable argument, but the flip side of it for these local communities is like, are we going to let somebody legislate from the other side of the state what can and can't be done in our actual backyards?" <http://bit.ly/SN5DgC>

— THR also reviews the flick: "A social-issue drama handled in a very human way, Promised Land presents its environmental concerns in a clear, upfront manner but hits some narrative and character bumps in the second half." <http://bit.ly/Vk1CPK>

MAYBE IT WAS A LOVE TAP: Romenesko writes: "A video of Arizona Gov. Jan Brewer getting testy with KTVK-TV's Dennis Welch after he asked about global warming has gone viral — 'Where in the hell did that [question] come from?' she asked — but some of their exchange went unreported, according to a newspaper photographer who witnessed it. West Valley View's Michael Clawson says Brewer hit Welch 'not hard, but without enough force that he spun around to see what was going on.'" Romenesko: <http://bit.ly/UFUIrn> (h/t Julia Haslanger)

QUICK HITS

— The case against two BP employees charged in the 2010 Gulf spill has a new judge after the previous one revealed a financial conflict of interest. AP: <http://bit.ly/Vxd9AN>

— An oil dispersant used to clean up the BP spill made the oil more toxic and hurt wildlife, scientists say. Daily Caller: <http://bit.ly/Uo5Nej>

— NOAA's annual Arctic report card says conditions are rapidly getting worse thanks to climate change. Nature: <http://bit.ly/TGqftq>

HAPPENING TODAY

8 a.m. — The Hill hosts a briefing on energy efficiency, reliability and the grid with White House energy adviser Heather Zichal, FERC Chairman Jon Wellinghoff and others. HVC-201

8:30 a.m. — DOE's Nuclear Energy Advisory Committee holds an open meeting. <http://1.usa.gov/XIRMws>. L'Enfant Plaza Hotel

10:30 a.m. — A Senate Commerce Committee panel holds a hearing on Sandy's impact on large transportation systems. <http://1.usa.gov/XeGNuT>. Russell 253

11 a.m. — The National Wildlife Federation hosts a teleconference on tar sands pipelines in the U.S. and Canada.

2 p.m. — The Northeast-Midwest Institute sponsors a briefing on the "economic importance of the ecological goods and services provided in the Delaware River Basin." <http://bit.ly/VwxHtf>. CVC-217

2 p.m. — BOEM holds another hearing on proposed lease sales in the Gulf of Mexico. Mobile, Ala.

5 p.m. — The Johns Hopkins School of Advanced International Studies hosts a panel on the carbon market and the fiscal cliff. 1619 Massachusetts Ave. NW

THAT'S ALL FOR ME. Have a great day.

** A message from America's Natural Gas Alliance: We believe in a clean energy future. Natural gas is a cleaner energy choice and a key partner to solar and wind technologies. From California to Florida, natural gas facilities are working with renewable energy to ensure steady, affordable and cleaner energy choices for communities across our nation. Because it is an abundant and affordable energy source available right here in America, natural gas can help make the promise of cleaner energy a reality in more American communities. Natural gas is smarter power today. Visit anga.us to learn more. **

Stories from POLITICO Pro

Anti-Keystone groups fear State Dept. report

DOE report: LNG exports would lift U.S. economy

DOE's LNG report: What they said

Anti-Keystone groups fear State Dept. report back

By Talia Buford | 12/5/12 5:29 PM EST

New rumors that a State Department report on TransCanada's Keystone XL pipeline was set to be released next week set off a wave of criticism from anti-pipeline activists in Nebraska that their fears about the project were being overlooked.

As dozens of Nebraskans aired their views into the wee hours Tuesday at a hearing in Albion about the pipeline, Jane Kleeb of anti-pipeline group Bold Nebraska said she was told by a source who worked with the State Department on its environmental impact statement that the EIS would be released next week.

"It's alarming that the State Department would do that since we were in the middle of a hearing last night," Kleeb said. "That hearing hasn't even been finalized and the State Department has already written the chapter. I think the State Department has a lot to answer for if that rumor is true."

The State Department wouldn't confirm when it expects to release the draft SEIS, saying only that it would be ready for public comment "in the near future."

Rep. Lee Terry (R-Neb.) told POLITICO that the contractor handling the Nebraska review process, HDR Engineering, said it expects to issue the final draft report this month or early January for Gov. Dan Heineman to review. Heineman will have 30 days to make a recommendation to the State Department, based on that report. An approval in Nebraska would clear the way for the ultimate presidential approval that TransCanada and other officials believe is imminent.

The Nebraska DEQ process is flawed, said Ken Winston of the Nebraska Sierra Club, but if the State Department is poised to release the SEIS soon, it means the Nebraska process held no weight in the first place.

"I hope that it's not true. And I hope that there will be those that will make sure there is a thorough review done and it's the kind of review that the people both of the state of Nebraska and the United States deserve," he said.

So far, most government assessments have been supportive of the pipeline. A draft report from the state DEQ issued in October said the route presented few environmental threats for the state.

Despite rejecting an earlier plan for the pipeline this year, the White House has been supportive of TransCanada's work on the on the southern leg of the pipeline. Prior reviews and statements from the State Department have been favorable toward the pipeline. Even Obama's earlier move to block permits was a narrow rejection of an attempt to fast-track the approval by congressional Republicans rather than a verdict on the broader project.

The rumor comes after concerns arose last week about potential Secretary of State candidate Susan Rice's investments in TransCanada, and shows the State Department should not be the lead agency on the issue, Kleeb said.

Nebraska activists say they are prepared to continue the campaign against the pipeline. On Monday, the group released a review of the DEQ process outlining dozens of questions citizens still had after reading the report. A lawsuit challenging the Nebraska law behind the DEQ review of the revised route is still working its way through court.

Approval of the pipeline would give TransCanada eminent domain rights, allowing it to condemn landowners' property to build the project, said Brian Jorde, lawyer for the citizen Nebraska Easement Action Team.

If the landowners resist, TransCanada would have to file "lawsuits against landowners up and down the entire 200 miles of this proposed route," he said.

The sheer number of lawsuit, whether 25 or 100, might be enough of a headache to cause TransCanada to move the route, Kleeb said. If not, some landowners have committed to using civil disobedience to block the construction on their land.

"Nebraska citizens and landowners are the ones who have slowed down this pipeline from the beginning and we'll continue to stop this pipeline," Kleeb said. "Whether that's using legal tactics, our voices or our bodies with civil disobedience, we are prepared to do an all of the above strategy if you will."

Darren Goode contributed to this report.back

DOE report: LNG exports would lift U.S. economy back

By Matt Daily and Talia Buford | 12/5/12 3:52 PM EST

A new Energy Department report says allowing energy companies to export liquefied natural gas would boost the economy, even if it led to higher prices for U.S. consumers and businesses.

The long-awaited report is likely to bolster the industry's case that the U.S. should allow the companies to build new plants to ship overseas some of the huge quantities of the natural gas that are being produced from shale rock.

The report, written by NERA Economic Consulting, considered various scenarios on volumes and global economic conditions for the export of LNG, which has drawn support from several companies that are seeking permits to ship the fuel.

"Across all these scenarios, the U.S. was projected to gain net economic benefits from allowing LNG exports. Moreover, for every one of the market scenarios examined, net economic benefits increased as the level of LNG exports increased," the report said.

Allowing large-scale LNG exports would be a boost for energy companies that suffered as U.S. natural gas prices fell to their lowest level in a decade early this year, forcing many of them to cut spending in even the most lucrative fields in Pennsylvania, Texas and Louisiana.

But allowing the exports would also expand the use of fracking, a technology that has raised environmental concerns because of the highly toxic mixture of chemicals, water and sand that are pumped at high pressure into the rock formations.

Some business groups have also said they fear that exporting U.S. natural gas would drive up domestic energy prices just as manufacturers are ramping up plans to take advantage of the new source of cheap gas.

But the DOE report said fears that gas prices would rise sharply are overblown.

Under the highest-volume scenario for shipments, U.S. natural gas prices would rise by about \$1.09 per thousand cubic feet, the report said, with price increases peaking at about 20 percent in 2020. That figure was well below the 35 percent increase EIA has previously forecast, the report said, because EIA did not take into account a drop in demand for the exports if the prices showed that much of a jump.

Incoming Senate Energy and Natural Resources Chairman Ron Wyden (D-Ore.) was still examining DOE's new report Wednesday afternoon, but his office said he will continue to ensure that exports don't hurt U.S. consumers and manufacturers.

"Forecasts and scenarios are worthwhile, but the department has an obligation to consider the impacts of each of the actual applications before it," his office said. "It is critical that exports do not squeeze out or price out the billions of dollars of new, natural gas-related investments that have been proposed in the U.S. chemical, industrial, and electric generation sectors."

Currently, LNG is exported from only one facility in Alaska under a decades-old federal permit. The U.S. has granted permission for one new facility to export LNG, although that liquefaction plant has not yet been built. Fifteen other permit requests to export to non-free trade agreement countries are pending, according to the department. Applications to countries covered by free trade agreements are automatically approved.

Bill Cooper, president of the Center for Liquefied Natural Gas, said his initial reading of the report found nothing to indicate that approving the projects would hurt the domestic need for natural gas.

"If the applications are consistent with the public interest, we would argue that they ought to be granted," he said.

The prospect of growing the natural gas industry, one of the strongest sectors in the U.S. economy, has drawn supporters in Congress, particularly from states that are rich in energy resource.

"I'm excited about it and I think it would add jobs to my district for sure," Rep. Cory Gardner (R-Colo.) said about LNG exports.

Darren Goode contributed to this report.[back](#)

DOE's LNG report: What they said [back](#)

By Talia Buford | 12/5/12 4:37 PM EST

The benefits of allowing exports of liquefied natural gas outweigh the threat to the U.S. economy from higher energy prices, according to a report released Wednesday by the Energy Department. The report, which had been delayed from earlier this year, found that natural gas prices could increase as much \$1.09 per thousand cubic feet under one scenario. Allowing companies to export LNG would also shift how companies structure their businesses, leading to lower wages for domestic workers and higher profits for companies. It would also increase hydraulic fracturing, as companies moved to extract more natural gas from shale sources.

One facility in Alaska currently exports LNG, while DOE has recently granted approval for another liquefaction plant in Louisiana. Fifteen other permit requests to export to non-free trade agreement countries are pending, according to the department.

Here are some of the responses to the much anticipated report:

Rep. Ed Markey, ranking member of the House Natural Resources Committee:

"This report confirms that exporting our natural gas will lead to some big winners and many big losers in our economy. American consumers and manufacturers will be the losers, as exporting natural gas will increase domestic prices by up to 30 percent, and reduce domestic investment and wages by \$45 billion per year by 2030. If exports are approved, the winners are mainly those in the natural gas business and those holding their stock. This report confirms that if natural gas exports move forward on a large scale there will be a massive wealth transfer from working Americans to oil and gas companies."

"The Obama administration should not rush to export our natural gas abroad to foreign nations, and we should ensure that our natural gas is available at a reasonable price in America to keep our manufacturing competitive and consumer prices reasonable and affordable."

Sen. Ron Wyden, incoming Senate Energy and Natural Resources chairman:

Wyden was still examining DOE's new report on the economic impacts of exporting liquefied natural gas, but his office says he will continue to ensure that exports don't hurt U.S. consumers and manufacturers. "Forecasts and scenarios are worthwhile, but the department has an obligation to consider the impacts of each of the actual applications before it," his office said. "It is critical that exports do not squeeze out or price out the billions of dollars of new, natural gas-related investments that have been proposed in the U.S. chemical, industrial and electric generation sectors."

Sen. Lisa Murkowski (R-Alaska), ranking member of the Senate Energy and Natural Resources Committee:

"The administration should be commended for commissioning such a comprehensive and transparent review of the potential impacts of exporting natural gas. It's clear from the study that exporting LNG would be beneficial to the U.S. economy, and the greater the level of exports, the greater the benefit. The conclusions in this report on the benefits to the economy should inform the DOE approval process regarding exports. This is a really good report and it really does provide guidance as we move forward."

Rep. Cory Gardner (R-Colo.):

"I'm excited about it and I think it would add jobs to my district for sure," Gardner said about LNG exports.

Michael Brune, Sierra Club Executive Director:

"The law requires the Department of Energy to determine if more natural gas exports are in the public interest — so it is baffling

that this report omits the serious threats increased fracking and gas production pose to our water, our air, and the health of our families. Even if we consider what's actually included in this analysis, increased gas exports are expected to result in higher gas prices and lower wages for American families, meaning we pay the price here while the companies shipping gas overseas rake in the profits."

Natalie Roy, Clean Water Network executive director:

"According to the report, the net benefits from the export revenues to the broader US economy, would be highest if the U.S. is able to produce large quantities of gas from shale at low costs. This raises all kinds of serious environmental concerns. The hydraulic fracturing process is far from benign. Not only are there serious water pollution issues associated with fracking, the process depletes fresh water supplies and impacts aquatic habitat. The findings in the report also highlight the enormous economic pressure that the US will be faced with when trying to institute reasonable environmental safeguards."

Bill Cooper, Center for Liquefied Natural Gas president:

"We are pleased that the Department of Energy has published its macroeconomic impact report. The report's key finding is that across all export scenarios, the United States will experience 'net economic benefits from allowing LNG exports.' DOE also finds that LNG exports would increase American households' real income at a time when millions of families are struggling financially. In addition, and as this latest report from DOE clearly shows, we can export LNG without adversely affecting the availability or affordability of our abundant natural gas supplies."

Erik Milito, American Petroleum Institute group director for upstream and industry operations:

"Today's DOE report highlights the game changing benefits of exporting energy. This is a big opportunity for the administration to bolster job creation and economic growth and to address the backlog of LNG export applications. The U.S. is at a historical turning point with energy due to the nation's abundant natural gas resources. With the right policies, exports can help grow the country's economy, help reverse our trade deficit and help bring back millions of U.S. jobs in engineering, manufacturing, construction and facility operations."

Dan Whitten, America's Natural Gas Alliance:

"ANGA supports free trade, and this report validates what groups like the Brookings Institution, Deloitte and others have found -- that likely scenarios for export volumes would not have a significant impact on price. That said, ANGA's focus is on North American production and North American markets for this clean, abundant energy resource in the transportation, power generation and industrial sectors."

Thomas Pyle, Institute for Energy Research president:

"The report confirms what everyone knows — exporting American-made products creates American jobs and grows our economy. It does not matter if we are exporting wheat, airplanes, or natural gas. We are at no risk of running out of natural gas, especially if the federal government ends its de facto moratorium on exploration and development of new areas. Exporting natural gas is a win-win for the country. It's a win for the American workers who will get good-paying jobs, and it's a win for foreign purchasers who would benefit from abundant supplies from a friendly ally. Of course, we should also be exporting the products that are derived from natural gas, but here again, the regulatory excesses and fiscal uncertainty from Washington create impediments to the manufacturing industry and limit the realization of our full economic potential. The DOE Study shows that economic benefits increase as natural gas exports increase. The fact that the federal government is holding up exporters means they are holding up badly needed economic growth."

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